BASEL III - PILLAR III DISCLOSURES

30 JUNE 2024

Template 1

Key Regulatory Ratios - Capital and Liquidity

	BANK		GROUP	
	As at 30 June 2024	**As at 31 Mar 2024**	**As at 30 June 2024**	**As at 31 Mar 2024**
Regulatory Capital (LKR ’000)				
Common Equity Tier 1 Capital	50,915,363	52,777,547	54,712,204	56,571,415
Tier 1 Capital	50,915,363	52,777,547	54,712,204	56,571,415
Total Capital	68,080,111	70,861,938	71,832,277	74,618,159
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	11.09	11.93	11.64	12.49
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	11.09	11.93	11.64	12.49
Total Capital Ratio (Minimum Requirement - 12.5%)	14.83	16.02	15.28	16.48
Leverage Ratio (Minimum Requirement - 3%)	6.44	6.72	6.85	7.14
Regulatory Liquidity				
Total stock of high quality liquid assets (LKR ' 000) - Rupee	200,011,284	227,947,610	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - All currency	225,012,286	252,715,483	NA	NA
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement -100%)	284.31	336.22	NA	NA
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 100%)	262.09	282.80	NA	NA
Net Stable Funding Ratio (%) – (Minimum Requirement - 100%)	143.28	152.15	NA	NA

Template 2

Basel III Computation of Capital Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 30 June 2024	As at 31 Mar 2024	As at 30 June 2024	As at 31 Mar 2024
Common Equity Tier 1 (CET1) Capital after Adjustments	**50,915,363**	**52,777,545**	**54,712,204**	**56,571,413**
Common Equity Tier 1 (CET1) Capital	**64,973,763**	**66,362,006**	**68,842,821**	**70,210,571**
Equity Capital (Stated Capital)/Assigned Capital	21,756,865	20,738,231	21,756,865	20,738,231
Reserve Fund	3,046,479	3,046,479	3,046,479	3,046,479
Published Retained Earnings/(Accumulated Retained Losses)	38,263,709	39,265,187	42,034,250	43,035,728
Published Accumulated Other Comprehensive Income (OCI)	1,906,710	3,312,109	2,005,227	3,390,133
General and other Disclosed Reserves	-	-	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to CET1 Capital	**14,058,400**	**13,584,461**	**14,130,617**	**13,639,158**
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,855,637	1,911,686	1,875,879	1,933,291
Deferred tax assets (net)	10,547,627	10,161,812	10,615,055	10,229,916
Defined benefit pension fund assets	388,838	388,838	388,838	388,838
Shortfall of the cumulative impairment to specific provisions	-	-	-	-
Investments in the capital of banking and financial institutions where the bank does not own more than 10 per cent of the issued ordinary share capital of the entity	814,280	682,145	1,129,380	965,648
Significant investments in the capital of financial institutions where the bank owns more than 10 per cent of the issued ordinary share capital of the entity	358,832	349,354	-	-
Shortfall of capital in financial subsidiaries	93,186	90,626	121,465	121,465
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Additional Tier 1 (AT1) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	**17,164,748**	**18,084,391**	**17,120,073**	**18,046,744**
Tier 2 Capital	**17,164,748**	**18,084,391**	**17,164,748**	**18,084,391**
Qualifying Tier 2 Capital Instruments	11,248,529	12,403,051	11,248,529	12,403,051
Revaluation Gains	876,672	876,672	876,672	876,672
Loan Loss Provisions	5,039,547	4,804,668	5,039,547	4,804,668
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to Tier 2	-	-	**44,675**	**37,647**
Investment in Own Shares	-	-	-	-
Investments in the capital of financial institutions and where the bank does not own more than 10 per cent of the issued capital carrying voting rights of the issuing entity	-	-	44,675	37,647
CET1 Capital	50,915,363	52,777,545	54,712,204	56,571,413
Total Tier 1 Capital	50,915,363	52,777,545	54,712,204	56,571,413
Total Capital	68,080,111	70,861,936	71,832,277	74,618,157
Total Risk Weighted Assets (RWA)	**459,082,351**	**442,399,111**	**470,162,340**	**452,896,903**
RWAs for Credit Risk	403,163,797	384,373,555	407,611,329	388,801,780
RWAs for Market Risk	6,428,218	9,976,432	10,607,802	13,650,881
RWAs for Operational Risk	49,490,336	48,049,124	51,943,209	50,444,241
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**11.09**	11.93	**11.64**	12.49
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-
Total Tier 1 Capital Ratio (%)	**11.09**	11.93	**11.64**	12.49
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**14.83**	16.02	**15.28**	16.48
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-

Template 3
Computation of Leverage Ratios

	Amount (LKR '000)			
	BANK		GROUP	
	As at 30 June 2024	As at 31 Mar 2024	As at 30 June 2024	As at 31 Mar 2024
Tier 1 Capital	**50,915,363**	**52,777,547**	**54,712,204**	**56,571,415**
Total Exposures	**791,178,355**	**785,402,971**	**798,749,914**	**792,830,117**
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	748,414,840	736,390,710	755,705,691	743,544,245
Derivative Exposures	4,268,399	6,270,422	4,268,399	6,270,422
Securities Financing Transactions Exposures	943,462	5,479,534	943,462	5,479,534
Other Off-Balance Sheet Exposures	37,551,654	37,262,305	37,832,362	37,535,916
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	**6.44%**	**6.72%**	**6.85%**	**7.14%**

Computation of Net Stable Funding Ratios (NSFR)

	Amount (LKR '000)	
	BANK	
	As at 30 June 2024	As at 31 Mar 2024
Total Available Stable Funding	557,795,185	555,038,694
Required Stable Funding - On Balance Sheet Assets	387,526,882	363,387,513
Required Stable Funding - Off Balance Sheet Items	1,766,957	1,421,052
Total Required Stable Funding	389,293,838	364,808,566
Net Stable Funding Ratio (%)	**143.28%**	**152.15%**

Template 4

Basel III Computation of Liquidity Coverage Ratio -All Currency

	BANK			
	Amount (LKR'000)			
	As at 30 June 2024		As at 31 Mar 2024	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	229,380,671	225,012,286	257,037,246	252,715,483
Total Adjusted Level 1A Assets	200,985,991	200,985,991	227,951,256	227,951,256
Level 1 Assets	200,258,103	200,258,103	228,225,494	228,225,494
Total Adjusted Level 2A Assets	29,122,568	24,754,183	28,811,752	24,489,989
Level 2A Assets	29,122,568	24,754,183	28,811,752	24,489,989
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	796,015,607	151,672,314	767,184,432	152,143,801
Deposits	437,493,041	36,533,867	412,001,081	33,706,972
Unsecured Wholesale Funding	187,220,711	111,393,909	202,647,350	112,216,945
Secured Funding Transactions	7,348,577	-	2,731,443	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	162,957,875	2,749,135	148,669,905	5,085,231
Additional Requirements	995,403	995,403	1,134,653	1,134,653
Total Cash Inflows	117,209,773	65,818,368	110,916,405	62,780,385
Maturing Secured Lending Transactions Backed by Collateral	55,532,978	39,058,994	57,362,685	33,325,789
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	46,739,355	26,704,482	47,121,190	29,348,282
Operational Deposits	14,882,548	-	6,326,216	-
Other Cash Inflows	54,892	54,892	106,315	106,315
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		262.09%		282.80%

Template 5
Main Features of Regulatory Capital Instruments

	CET 1 Capital	Tier 2 Instruments			
Description of the Capital Instrument	**Stated Capital**	**Debenture Issue - December 2013**	**Debenture Issue - September 2020**	**Debenture Issue - November 2021**	**Debenture Issue - December 2023**
Issuer	National Development Bank PLC	National Development Bank PLC	National Development Bank PLC	National Development Bank PLC	National Development Bank PLC
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)	NDB. N0000 ISIN -LK0207N00007	Type D - LK0207D21053	ISIN - LK0207D24529	Type A - LK0207D24941 Type B - LK0207D24958	Type A - LK0207D25146 Type B - LKJ0207D25153
Governing Law(s) of the Instrument	Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange , Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange , Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 07 of 2007 , Listing rules of the Colombo Stock Exchange , Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 07 of 2007 , Listing rules of the Colombo Stock Exchange , Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 07 of 2007 , Listing rules of the Colombo Stock Exchange , Securities and Exchange Commission of Sri Lanka Act
Original Date of Issuance	Date listed 26-Apr-1993	19-Dec-2013	25-Sep-2020	24-Nov-2021	12-Dec-2023
Par Value of Instrument	NA	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-
Perpetual or Dated	Perpetual	Dated	Dated	Dated	Dated
Original Maturity Date, if Applicable	NA	Type D - 19 Dec 2025	24-Sep-2025	Type A - 23 Nov 2026 Type B - 23 Nov 2028	Type A - 11 Dec 2028 Type B - 11 Dec 2028
Amount Recognised in Regulatory Capital (in LKR '000 as at 30 June 2024)	21,756,865	1,077,129	1,625,000	4,046,400	4,500,000
Accounting Classification (Equity/Liability)	Equity	Liability	Liability	Liability	Liability
Issuer Call subject to Prior Supervisory Approval					
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	NA	NA	NA	NA	NA
Subsequent Call Dates, if Applicable	NA	NA	NA	NA	NA
Coupons/Dividends					
Fixed or Floating Dividend/Coupon	Dividend declared as decided by the Board	Fixed coupon	Fixed coupon	Fixed coupon	Fixed coupon
Coupon Rate and any Related Index	NA	Type D - 14.0% p.a	9.5% p.a	Type A - 11.90% p.a Type B - 12.00% p.a	Type A - 15.00% p.a Type B - 14.22% p.a
Non-Cumulative or Cumulative	NA	Non-Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative
Convertible or Non-Convertible					
If Convertible, Conversion Trigger (s)	NA	Non-Convertible	Determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016	Determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016	Determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016
If Convertible, Fully or Partially	NA	NA	Fully	Fully	Fully
If Convertible, Mandatory or Optional	NA	NA	Mandatory	Mandatory	Mandatory
If Convertible, Conversion Rate	NA	NA	Based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share during the three months (03) period, immediately preceding the date of the Trigger Event.	Based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share during the three months (03) period, immediately preceding the date of the Trigger Event.	Based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share during the three months (03) period, immediately preceding the date of the Trigger Event.

Template 7

Credit Risk under Standardised Approach
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Asset Class	BANK					
	Amount (LKR'000) as at 30 June 2024					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density[ii]
Claims on Central Government and Central Bank of Sri Lanka	187,967,316	9,183,000	187,967,316	2,070,788	4,657,157	2.45%
Claims on Public Sector Entities	26,208,677	1,845,826	1,529,565	-	1,529,565	100.00%
Claims on Banks Exposures	40,372,695	51,454,196	40,372,695	1,634,194	19,187,959	45.68%
Claims on Financial Institutions	18,793,291	8,710,557	17,974,416	161,339	10,334,641	56.98%
Claims on Corporates	205,746,552	181,217,653	170,817,417	23,661,211	184,645,885	94.94%
Retail Claims	164,403,948	27,159,610	139,545,286	11,208,158	112,090,525	74.35%
Claims Secured by Residential Property	15,737,147	683,264	15,737,147	287,482	8,177,272	51.03%
Non-Performing Assets (NPAs)[i]	43,553,632	-	43,553,632	-	52,710,225	121.02%
Higher-risk Categories	419,556	-	419,556	-	1,048,890	250.00%
Cash Items and Other Assets	18,221,958	-	18,221,958	-	8,781,678	48.19%
Total	**721,424,773**	**280,254,106**	**636,138,988**	**39,023,172**	**403,163,797**	

Asset Class	GROUP					
	Amount (LKR'000) as at 30 June 2024					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density[ii]
Claims on Central Government and Central Bank of Sri Lanka	188,583,586	9,183,000	188,583,586	2,070,788	4,657,157	2.44%
Claims on Public Sector Entities	26,208,677	1,845,826	1,529,565	-	1,529,565	100.00%
Claims on Banks Exposures	40,356,219	51,454,196	40,356,219	1,634,194	19,158,323	45.63%
Claims on Financial Institutions	18,793,291	8,710,557	17,974,416	161,339	10,334,641	56.98%
Claims on Corporates	206,277,777	180,568,707	171,348,640	23,561,211	185,077,111	94.96%
Retail Claims	164,403,948	27,159,610	139,545,286	11,208,158	112,090,525	74.35%
Claims Secured by Residential Property	15,737,147	683,264	15,737,147	287,482	8,177,272	51.03%
Non-Performing Assets (NPAs)[i]	43,553,632	-	43,553,632	-	52,710,225	121.02%
Higher-risk Categories	-	761,415	-	380,707	571,061	150.00%
Cash Items and Other Assets	22,745,970	-	22,745,970	-	13,305,449	58.50%
Total	**726,660,248**	**280,366,575**	**641,374,461**	**39,303,879**	**407,611,329**	

Note:

(i) NPAs – As per Banking Act Directions on Classification of loans and advances, income recognition and provisioning.

(ii) RWA Density – Total RWA/Exposures post CCF and CRM.

Template 9

Market Risk under Standardised Measurement Method

	As at 30 June 2024	
	BANK	GROUP
(a) Capital Charge for Interest Rate Risk	707,936	716,438
General Interest Rate Risk	707,936	709,844
(i) Net Long or Short Position	707,936	709,844
(ii) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	6,595
(b) Capital Charge for Equity	-	513,946
(i) General Equity Risk	-	259,396
(ii) Specific Equity Risk	-	254,551
(c) Capital charge for Foreign Exchange & Gold	95,591	95,591
Total Risk Weighted Amount for Market Risk [(a) + (b) + (c)] * CAR	6,428,218	10,607,802

Template 10

Operational Risk under Basic Indicator Approach

As at 30 June 2024	**BANK**				
Business Lines	**Gross Income (LKR'000)**				
	Capital Charge Factor	**Fixed Factor**	**1st Year**	**2nd Year**	**3rd Year**
The Basic Indicator Approach	15%		38,049,650	39,179,857	46,496,332
The Standardised Approach					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%				
Commercial Banking	15%				
The Alternative Standardised Approach					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%	0.035			
Commercial Banking	15%	0.035			
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	6,186,292				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	49,490,336				
The Standardised Approach					
The Alternative Standardised Approach					

As at 30 June 2024	**GROUP**				
Business Lines	**Gross Income (LKR'000)**				
	Capital Charge Factor	**Fixed Factor**	**1st Year**	**2nd Year**	**3rd Year**
The Basic Indicator Approach	15%		39,650,595	41,083,755	49,123,672
The Standardised Approach					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%				
Commercial Banking	15%				
The Alternative Standardised Approach					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%	0.035			
Commercial Banking	15%	0.035			
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	6,492,901				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	51,943,209				
The Standardised Approach					
The Alternative Standardised Approach					

Template 11

Differences between Accounting and Regulatory Scopes and

Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only

As at 30 June 2024	Amount (LKR '000)			
	Carrying Values as reported in Published Financial Statements	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
Assets	**764,484,009**	**636,138,988**	**40,041,465**	**88,303,556**
Cash and cash equivalents	24,269,279	24,269,279	-	-
Balances with Central Banks of Sri Lanka	8,890,911	8,890,911	-	-
Placements with banks	23,337,709	23,337,709	-	-
Derivative financial instruments	1,947,283	1,947,283	-	-
Financial assets recognized through profit or loss measured at fair value	15,826,732	-	15,826,732	-
Financial assets at amortised cost -loans and receivables to other customers	459,029,394	384,784,238		74,245,156
Financial assets at amortised cost - debt and other instruments	131,264,911	131,264,911	-	-
Financial assets measured at fair value through other comprehensive income	77,095,151	52,066,137	24,214,734	814,280
Investments in subsidiary companies	1,099,724	647,706	-	452,018
Intangible assets	1,855,637	-	-	1,855,637
Property, plant and equipment	3,073,206	3,073,206	-	
Right to Use Assets	1,150,305	1,150,305	-	-
Deferred tax Assets	10,547,627	-	-	10,547,627
Other assets	5,096,140	4,707,302	-	388,838
Liabilities	**693,618,039**			
Due to banks	5,003,980	-	-	-
Derivative financial instruments	439,979	-	-	-
Financial liabilities at amortised cost -due to depositors	619,165,933	-	-	-
Financial Liabilities at amortised cost - due to debt securities holders	8,598,938	-	-	-
Financial Liabilities at amortised cost - due to other borrowers	22,368,447	-	-	-
Debt securities issued	24,136,275	-	-	-
Current tax liabilities	4,984,186	-	-	-
Right of used assets	-	-	-	-
Deferred tax liabilities	-	-	-	-
Employee benefit obligations	1,349,243	-	-	-
Other liabilities	7,488,133	-	-	-
Dividends payable	82,925	-		
Off-Balance Sheet Liabilities	**293,681,961**	**279,583,173**		
Guarantees	44,695,171	34,148,744	-	611,519
Performance Bonds	11,539,861	11,503,752	-	36,109
Letters of Credit	14,847,650	14,824,346	-	23,305
Other Contingent Items	9,573,518	9,573,518	-	-
Undrawn Commitments	151,690,606	151,690,606	-	-
Other Commitments	61,335,156	57,842,208	-	-
Shareholders' Equity				
Equity capital (Stated capital)/Assigned capital	21,756,865	-	-	-
of which Amount eligible for CET1	21,756,865	-	-	-
of which Amount eligible for AT1	-	-	-	-
Retained earnings	42,255,723	-	-	-
Accumulated Other comprehensive income	3,806,903	-	-	-
Other reserves	3,046,479	-	-	-
Total Shareholders' Equity	**70,865,970**			